

CITY OF TAMA, IOWA

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2015

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CITY OF TAMA, IOWA
OFFICIALS
June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dan Zimmerman	Mayor	January, 2016
Doug Ray	Council Member	January, 2018
Steve Baier	Council Member	January, 2016
Mike Carnahan	Council Member	January, 2018
Kenny McAdoo	Council Member	January, 2016
Crystal Kaufman	Council Member	January, 2016
Judy Welch	City Clerk	Appointed
Dan Rathjen	City Attorney	Appointed

Gronewold, Bell, Kyhnn & Co. P.C.

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CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Tama, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council

Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Tama as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 4 to the financial statements, the City of Tama, Iowa adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Tama's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2014 (none of which are presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the four years ended June 30, 2009 (none of which are presented herein), were audited by other auditors whose report expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 24 through 29 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

To the Honorable Mayor and
Members of the City Council

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2015 on our consideration of the City of Tama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Tama's internal control over financial reporting and compliance.

Gurewolt, Bell, Kyhn & W. P. C.

Atlantic, Iowa
December 21, 2015

CITY OF TAMA, IOWA
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS

As of and for the year ended June 30, 2015

		Program Receipts	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 782,734	\$ 398,688	\$ 21,722
Public works	522,113	56,948	299,158
Health and social services	4,008	--	--
Culture and recreation	249,707	22,424	46,059
Community and economic development	120,671	6,941	68,933
General government	157,355	21,401	--
Debt service	237,804	--	--
Capital projects	556,140	--	--
Total governmental activities	<u>2,630,532</u>	<u>506,402</u>	<u>435,872</u>
Business type activities:			
Water	348,351	324,559	--
Sewer	339,241	439,382	--
Total business type activities	<u>687,592</u>	<u>763,941</u>	<u>--</u>
Total	<u>\$ 3,318,124</u>	<u>\$ 1,270,343</u>	<u>\$ 435,872</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Unrestricted interest on investments			
Debt proceeds			
Miscellaneous			
Sale of assets			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			

(continued next page)

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
\$ --	\$ (362,324)	\$ --	\$ (362,324)
--	(166,007)	--	(166,007)
--	(4,008)	--	(4,008)
--	(181,224)	--	(181,224)
--	(44,797)	--	(44,797)
--	(135,954)	--	(135,954)
--	(237,804)	--	(237,804)
<u>184,740</u>	<u>(371,400)</u>	<u>--</u>	<u>(371,400)</u>
<u>184,740</u>	<u>(1,503,518)</u>	<u>--</u>	<u>(1,503,518)</u>
--	--	(23,792)	(23,792)
<u>91,990</u>	<u>--</u>	<u>192,131</u>	<u>192,131</u>
<u>91,990</u>	<u>--</u>	<u>168,339</u>	<u>168,339</u>
<u>\$ 276,730</u>	<u>(1,503,518)</u>	<u>168,339</u>	<u>(1,335,179)</u>
	949,375	--	949,375
	138,519	--	138,519
	14,996	--	14,996
	185,413	--	185,413
	19,859	1,362	21,221
	275,000	--	275,000
	77,695	27,619	105,314
	41,500	--	41,500
	(52,230)	52,230	--
	<u>1,650,127</u>	<u>81,211</u>	<u>1,731,338</u>
	146,609	249,550	396,159
	<u>2,730,467</u>	<u>525,340</u>	<u>3,255,807</u>
	<u>\$ 2,877,076</u>	<u>\$ 774,890</u>	<u>\$ 3,651,966</u>

CITY OF TAMA, IOWA
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS - Continued

As of and for the year ended June 30, 2015

		<u>Program Receipts</u>	
		<u>Charges for</u>	<u>Operating Grants,</u>
	<u>Disbursements</u>	<u>Service</u>	<u>Contributions,</u>
			<u>and Restricted</u>
			<u>Interest</u>
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Expendable:			
Debt service			
Streets			
Employee benefits			
Capital projects			
Other purposes			
Unrestricted			

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Governmental Activities	Business Type Activities	Total
	\$ 59,276	\$ --	\$ 59,276
	3,766	42,076	45,842
	205,558	--	205,558
	87,550	--	87,550
	1,804,736	--	1,804,736
	265,698	--	265,698
	<u>450,492</u>	<u>732,814</u>	<u>1,183,306</u>
	<u>\$ 2,877,076</u>	<u>\$ 774,890</u>	<u>\$ 3,651,966</u>

CITY OF TAMA, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2015

	<u>General</u>	<u>Special Revenue Road Use Tax</u>
Receipts:		
Property tax	\$ 517,648	\$ --
Tax increment financing	--	--
Other city tax	14,520	--
Licenses and permits	22,905	--
Use of money and property	14,725	--
Intergovernmental	168,936	299,158
Charges for service	363,675	--
Miscellaneous	70,865	--
Total receipts	<u>1,173,274</u>	<u>299,158</u>
Disbursements:		
Operating:		
Public safety	753,528	--
Public works	271,247	246,366
Health and social services	4,008	--
Culture and recreation	236,365	--
Community and economic development	114,235	--
General government	155,632	--
Debt service	--	--
Capital projects	--	--
Total disbursements	<u>1,535,015</u>	<u>246,366</u>
Excess (deficiency) of receipts over (under) disbursements	(361,741)	52,792
Other financing sources (uses):		
Debt proceeds	--	--
Sale of real property	--	--
Operating transfers in	428,098	--
Operating transfers out	(9,046)	(30,000)
Total other financing sources (uses)	<u>419,052</u>	<u>(30,000)</u>
Net change in cash balances	57,311	22,792
Cash balances beginning of year	<u>393,181</u>	<u>182,766</u>
Cash balances end of year	<u>\$ 450,492</u>	<u>\$ 205,558</u>

(continued next page)

<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Employee Benefits</u>				
\$ 411,491	\$ --	\$ 136,629	\$ 1,065,768	
--	--	14,996	14,996	
5,716	--	187,303	207,539	
--	--	--	22,905	
411	3,722	1,001	19,859	
--	184,740	--	652,834	
--	--	--	363,675	
--	33,368	61,062	165,295	
<u>417,618</u>	<u>221,830</u>	<u>400,991</u>	<u>2,512,871</u>	
3,000	--	26,206	782,734	
4,500	--	--	522,113	
--	--	--	4,008	
1,500	--	11,842	249,707	
--	--	6,436	120,671	
1,500	--	223	157,355	
--	--	237,804	237,804	
--	556,140	--	556,140	
<u>10,500</u>	<u>556,140</u>	<u>282,511</u>	<u>2,630,532</u>	
407,118	(334,310)	118,480	(117,661)	
--	275,000	--	275,000	
--	41,500	--	41,500	
--	30,000	125,575	583,673	
<u>(338,260)</u>	<u>(90,857)</u>	<u>(167,740)</u>	<u>(635,903)</u>	
<u>(338,260)</u>	<u>255,643</u>	<u>(42,165)</u>	<u>264,270</u>	
68,858	(78,667)	76,315	146,609	
<u>18,692</u>	<u>1,883,403</u>	<u>252,425</u>	<u>2,730,467</u>	
<u>\$ 87,550</u>	<u>\$ 1,804,736</u>	<u>\$ 328,740</u>	<u>\$ 2,877,076</u>	

CITY OF TAMA, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES - Continued
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2015

	<u>General</u>	<u>Special Revenue Road Use Tax</u>
Cash Basis Fund Balances		
Nonspendable - Cemetery perpetual care	\$ --	\$ --
Restricted for:		
Debt service	--	--
Streets	--	205,558
Employee benefits	--	--
Capital projects	--	--
Other purposes	--	--
Unassigned	<u>450,492</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 450,492</u>	<u>\$ 205,558</u>

The accompanying notes are an integral part of these statements.

<u>Special Revenue Employee Benefits</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ 59,276	\$ 59,276
--	--	3,766	3,766
--	--	--	205,558
87,550	--	--	87,550
--	1,804,736	--	1,804,736
--	--	265,698	265,698
--	--	--	450,492
<u>\$ 87,550</u>	<u>\$ 1,804,736</u>	<u>\$ 328,740</u>	<u>\$ 2,877,076</u>

CITY OF TAMA, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2015

	Enterprise	
	Water Fund	Sewer Fund
Operating Receipts:		
Intergovernmental	\$ --	\$ --
Charges for service	<u>324,559</u>	<u>439,382</u>
Total operating receipts	324,559	439,382
Operating Disbursements:		
Business type activities	<u>296,519</u>	<u>207,869</u>
Total operating disbursements	296,519	207,869
Excess of receipts over disbursements	28,040	231,513
Non-operating receipts (disbursements):		
Interest on investments	588	774
Miscellaneous	22,939	4,680
Debt service	--	--
Capital projects	<u>--</u>	<u>--</u>
Total non-operating receipts (disbursements), net	<u>23,527</u>	<u>5,454</u>
Excess (deficiency) of receipts over (under) disbursements	51,567	236,967
Operating transfers in	51,684	546
Operating transfers out	<u>(55,283)</u>	<u>(64,415)</u>
Total operating transfers in (out), net	<u>(3,599)</u>	<u>(63,869)</u>
Net change in cash balances	47,968	173,098
Cash balances beginning of year	<u>213,875</u>	<u>51,393</u>
Cash balances end of year	<u>\$ 261,843</u>	<u>\$ 224,491</u>
Cash Basis Fund Balances		
Restricted for debt service	\$ --	\$ --
Unrestricted	<u>261,843</u>	<u>224,491</u>
Total cash basis fund balances	<u>\$ 261,843</u>	<u>\$ 224,491</u>

The accompanying notes are an integral part of these statements.

Enterprise	
Nonmajor	Total
\$ 91,990	\$ 91,990
--	763,941
<u>91,990</u>	<u>855,931</u>
--	504,388
--	<u>504,388</u>
91,990	351,543
--	1,362
--	27,619
(51,832)	(51,832)
<u>(131,372)</u>	<u>(131,372)</u>
<u>(183,204)</u>	<u>(154,223)</u>
(91,214)	197,320
119,698	171,928
--	<u>(119,698)</u>
<u>119,698</u>	<u>52,230</u>
28,484	249,550
<u>260,072</u>	<u>525,340</u>
<u>\$ 288,556</u>	<u>\$ 774,890</u>
\$ 42,076	\$ 42,076
<u>246,480</u>	<u>732,814</u>
<u>\$ 288,556</u>	<u>\$ 774,890</u>

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tama, Iowa is a political subdivision of the State of Iowa located in Tama County. It was first incorporated in 1869 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Tama has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Tama (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The following component unit is an entity which is legally separate from the City, but is so intertwined with the City that it is, in substance, the same as the City. It is reported and budgeted as part of the City as a permanent fund.

The Oak Hill Cemetery Association is a nonprofit corporation established under Title 3, Chapter 5 of the City of Tama Code to beautify, adorn, and keep in good order the Oak Hill Cemetery. Although the association is legally separate from the City, it is controlled, managed, and supervised by the City of Tama, City Council. The Oak Hill Cemetery Association is reported as a permanent fund.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City, but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Tama County Assessor's Conference Board, Tama County Emergency Management Commission, Tama County E911 Service Board, Tama County Solid Waste Disposal Commission, Tama County Economic Development Commission, and Tama-Toledo Swimming Pool Board.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

Government-wide Financial Statements

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor governmental funds or nonmajor enterprise funds, respectively.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Employee Benefits Fund is used to account for the payment of payroll taxes and other employee benefits.

The Capital Projects fund is used to account for the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

At June 30, 2015, the City had the following investments:

	<u>Carrying Amount</u>	<u>Fair Value</u>
United States Savings Bonds Series HH	\$ 29,500	\$ 29,500

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds and notes and revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds and Notes</u>		<u>Revenue Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 225,649	\$ 58,007	\$ 32,000	\$ 18,300	\$ 257,649	\$ 76,307
2017	237,774	48,071	33,000	17,340	270,774	65,411
2018	243,524	41,427	34,000	16,350	277,524	57,777
2019	249,295	34,281	36,000	15,330	285,295	49,611
2020	255,074	26,642	37,000	14,250	292,074	40,892
2021 - 2025	663,684	37,998	202,000	53,970	865,684	91,968
2026 - 2030	--	--	236,000	21,690	236,000	21,690
	<u>\$ 1,875,000</u>	<u>\$ 246,426</u>	<u>\$ 610,000</u>	<u>\$ 157,230</u>	<u>\$ 2,485,000</u>	<u>\$ 403,656</u>

Revenue Bonds

The City has pledged future water customer receipts, net of specified operating disbursements, to repay water revenue bonds issued in December, 2009. Proceeds from the bonds provided financing for the repair and improvement of the water system. The bonds are payable solely from water customer net receipts and are payable through 2030. Annual principal and interest payments on the bonds are expected to require greater than 100 percent of the net receipts. The total principal and interest remaining to be paid on the bonds is \$767,230. For the current year, principal and interest paid and total customer net receipts were approximately \$50,230 and \$28,040, respectively. Existing net position is used to meet debt service payments in years when the net receipts are not sufficient.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

The resolutions providing for the issuance of the revenue bonds include the following provisions.

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly deposits and transfers shall be made to separate water revenue bond sinking accounts within the Enterprise Funds for the purpose of making the bond principal and interest payments when due.

NOTE 4 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN - Continued

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the City contributed 8.93% for a total rate of 14.88%.

The City's contributions to IPERS for the year ended June 30, 2015 were \$74,620.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN - Continued

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$177,428. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.004474%, which was a decrease of 0.002167% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$28,754, \$90,513 and \$177,210 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00%
Salary increases (effective June 30, 2014)	4.00%, average, including inflation
Investment rate of return (effective June 30, 1996)	7.50% per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN - Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability (asset)	\$ 571,611	\$ 177,428	\$ (155,063)

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - PENSION PLAN - Continued

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 5 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan as allowed by Internal Revenue Code Section 457. The plan allows City employees to defer a portion of their current salary until future years. The City's accounting and personnel departments are responsible for the accounting, reconciliations and record keeping associated with employees' enrollment, payments to the plan through payroll deductions, and timely transfer of withheld funds to the independent contractor for investment. The plan is designed so that each participant retains investment control of his/her individual account. The employees become eligible to withdraw funds upon termination, retirement, death or unforeseeable emergency.

The City's fiduciary responsibility is limited to due care in selecting contractors to administer the Plan. These contractors are responsible for withholdings and W-2s when the participants receive payments. The contractors are also required to submit an annual report to the City. The City is liable to a participant only for income lost because of its failure to send payment of a deferred amount as directed by the participant. The Plan assets are not included in the financial statements since the City does not own or hold in a trustee capacity the amounts deferred by employees and related income on those amounts.

NOTE 6 - COMPENSATED ABSENCES

City employees accumulate vacation and sick leave hours based on the length of their employment. Sick leave is not a vested benefit. It is payable when used and may be accumulated to a maximum of 90 days. Vacation is payable when used and is cumulative only in isolated cases specifically approved by the City Council. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2015, primarily related to the General Fund, totaled \$38,977. This liability has been computed based on rates of pay in effect at June 30, 2015.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 54,000
	Employee Benefits	338,260
	Tax Increment Financing	12,930
	Capital Projects	22,908
		<u>428,098</u>
Special Revenue:		
Trust & Agency	General	8,000
	Capital Projects	16,765
		<u>24,765</u>
Capital Project:	Special Revenue:	
	Road Use Tax	30,000
Debt Service	Special Revenue:	
	Local Option Sales Tax	100,810
Enterprise:		
Water	General	500
	Capital Projects	51,184
		<u>51,684</u>
Enterprise:		
Sewer	General	546
Enterprise:	Enterprise Fund:	
Water Revenue Bonds	Water	51,833
Enterprise:	Enterprise Fund:	
Sewer Rehabilitation	Sewer	25,000
Enterprise:	Enterprise Fund:	
Sewer Replacement	Sewer	25,000
Enterprise:	Enterprise Fund:	
Sewer Improvement Project	Sewer	14,415
Enterprise:	Enterprise Fund:	
Water Meter	Water	<u>3,450</u>
		<u>\$ 755,601</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - RISK MANAGEMENT

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There has been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2015 were \$14,745.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8 - RISK MANAGEMENT - Continued

The City does not disclose a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been disclosed in the City's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation, and property coverage and automobile liability in the amount of \$500,000, \$9,095,328, and \$1,000,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical benefits for employees and retirees. There are 15 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical benefits as active employees.

Funding Policy: The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$612 for single coverage and \$1,875 for family coverage. The City pays the entire amount of the premium. For the year ended June 30, 2015, the City contributed \$240,479 to the plan.

CITY OF TAMA, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 - COMMITMENTS AND CONTINGENCY

Capital Commitments

The City has committed funds for the purchase of various equipment items, a sanitary sewer improvement project, and various housing rehabilitation projects with an estimated cost of \$1,378,800. The sanitary sewer improvement project will be financed with the issuance of debt, the housing rehabilitation projects will be financed with grant money and the remaining items will be financed with the use of existing funds.

Subsequent Events

In October, 2015, the City issued \$1,037,000 of Sewer Revenue Bonds for the purpose of completing a sewer improvement project.

The City has evaluated all subsequent events through December 21, 2015, the date the financial statements were available to be issued.

* * *

OTHER INFORMATION

CITY OF TAMA, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL
FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION

Year ended June 30, 2015

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 1,065,768	\$ --	\$ 1,065,768
Tax increment financing	14,996	--	14,996
Other city tax	207,539	--	207,539
Licenses and permits	22,905	--	22,905
Use of money and property	19,859	1,362	21,221
Intergovernmental	652,834	91,990	744,824
Charges for service	363,675	763,941	1,127,616
Special assessments	--	--	--
Miscellaneous	165,295	27,619	192,914
Total receipts	<u>2,512,871</u>	<u>884,912</u>	<u>3,397,783</u>
Disbursements:			
Public safety	782,734	--	782,734
Public works	522,113	--	522,113
Health and social services	4,008	--	4,008
Culture and recreation	249,707	--	249,707
Community and economic development	120,671	--	120,671
General government	157,355	--	157,355
Debt service	237,804	--	237,804
Capital projects	556,140	--	556,140
Business type activities	--	687,592	687,592
Total disbursements	<u>2,630,532</u>	<u>687,592</u>	<u>3,318,124</u>
Excess (deficiency) of receipts over (under) disbursements	(117,661)	197,320	79,659
Other financing sources (uses), net	<u>264,270</u>	<u>52,230</u>	<u>316,500</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	146,609	249,550	396,159
Balances beginning of year	<u>2,730,467</u>	<u>525,340</u>	<u>3,255,807</u>
Balances end of year	<u>\$ 2,877,076</u>	<u>\$ 774,890</u>	<u>\$ 3,651,966</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Total Variance
Original	Final	
\$ 1,042,264	\$ 1,042,264	\$ 23,504
13,787	13,787	1,209
210,556	210,556	(3,017)
19,910	19,910	2,995
37,430	37,430	(16,209)
1,991,546	2,141,546	(1,396,722)
1,052,741	1,052,741	74,875
2,000	2,000	(2,000)
113,786	113,786	79,128
<u>4,484,020</u>	<u>4,634,020</u>	<u>(1,236,237)</u>
881,814	897,068	114,334
585,914	585,914	63,801
12,500	12,500	8,492
316,765	316,765	67,058
195,600	345,600	224,929
183,095	183,095	25,740
238,804	238,804	1,000
534,200	870,200	314,060
<u>1,677,172</u>	<u>1,677,172</u>	<u>989,580</u>
<u>4,625,864</u>	<u>5,127,118</u>	<u>1,808,994</u>
(141,844)	(493,098)	572,757
<u>710,000</u>	<u>710,000</u>	<u>(393,500)</u>
568,156	216,902	179,257
<u>2,980,212</u>	<u>2,980,212</u>	<u>275,595</u>
<u>\$ 3,548,368</u>	<u>\$ 3,197,114</u>	<u>\$ 454,852</u>

CITY OF TAMA, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2015

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted included disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds, the Permanent Fund, and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, the budget amendment increased budgeted disbursements by \$501,254. The budget amendment is reflected in the final budgeted amount.

See accompanying independent auditor's report.

CITY OF TAMA, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*

OTHER INFORMATION

City's proportion of the net pension liability	0.004474%
City's proportionate share of the net pension liability	\$ 177,000
City's covered-employee payroll:	\$ 754,000
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.47%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Note: Amounts are rounded.

See accompanying independent auditor's report.

CITY OF TAMA, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 6 FISCAL YEARS
OTHER INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 75,000	\$ 71,000	\$ 67,000
Contributions in relation to the statutorily required contribution	<u>(75,000)</u>	<u>(71,000)</u>	<u>(67,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered-employee payroll	\$ 788,000	\$ 754,000	\$ 710,000
Contributions as a percentage of covered-employee payroll	9.52%	9.42%	9.44%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 63,000	\$ 46,000	\$ 43,000
<u>(63,000)</u>	<u>(46,000)</u>	<u>(43,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 707,000	\$ 540,000	\$ 537,000
8.91%	8.52%	8.01%

CITY OF TAMA, IOWA
NOTES TO OTHER INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

(continued next page)

CITY OF TAMA, IOWA

NOTES TO OTHER INFORMATION - PENSION LIABILITY - Continued

YEAR ENDED JUNE 30, 2015

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

* * *

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF TAMA, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2015

	Special Revenue		
	Local Option Sales Tax	Trust & Agency	Tax Increment Financing
Receipts:			
Property tax	\$ --	\$ --	\$ --
Tax increment financing	--	--	14,996
Other city tax	185,413	--	--
Use of money and property	--	315	--
Miscellaneous	--	60,312	--
Total receipts	<u>185,413</u>	<u>60,627</u>	<u>14,996</u>
Disbursements:			
Operating:			
Public safety	--	26,206	--
Culture and recreation	--	10,811	--
Community and economic development	--	6,436	--
General government	--	223	--
Debt service	--	--	--
Total disbursements	<u>--</u>	<u>43,676</u>	<u>--</u>
Excess (deficiency) of receipts over (under) disbursements	185,413	16,951	14,996
Other financing sources (uses):			
Operating transfers in	--	24,765	--
Operating transfers out	(154,810)	--	(12,930)
Total other financing sources (uses)	<u>(154,810)</u>	<u>24,765</u>	<u>(12,930)</u>
Net change in cash balances	30,603	41,716	2,066
Cash balances, beginning of year	<u>49,187</u>	<u>141,653</u>	<u>473</u>
Cash balances, end of year	<u>\$ 79,790</u>	<u>\$ 183,369</u>	<u>\$ 2,539</u>

(continued next page)

<u>Debt Service</u>	<u>Permanent Cemetery Perpetual Care</u>	<u>Total</u>
\$ 136,629	\$ --	\$ 136,629
--	--	14,996
1,890	--	187,303
--	686	1,001
--	750	61,062
<u>138,519</u>	<u>1,436</u>	<u>400,991</u>
--	--	26,206
--	1,031	11,842
--	--	6,436
--	--	223
<u>237,804</u>	<u>--</u>	<u>237,804</u>
<u>237,804</u>	<u>1,031</u>	<u>282,511</u>
(99,285)	405	118,480
100,810	--	125,575
<u>--</u>	<u>--</u>	<u>(167,740)</u>
<u>100,810</u>	<u>--</u>	<u>(42,165)</u>
1,525	405	76,315
<u>2,241</u>	<u>58,871</u>	<u>252,425</u>
<u>\$ 3,766</u>	<u>\$ 59,276</u>	<u>\$ 328,740</u>

CITY OF TAMA, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2015

	<u>Special Revenue</u>		
	<u>Local Option Sales Tax</u>	<u>Trust & Agency</u>	<u>Tax Increment Financing</u>
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --
Restricted for:			
Debt service	--	--	--
Other purposes	<u>79,790</u>	<u>183,369</u>	<u>2,539</u>
Total cash basis fund balances	<u>\$ 79,790</u>	<u>\$ 183,369</u>	<u>\$ 2,539</u>

See accompanying independent auditor's report.

<u>Debt Service</u>	<u>Permanent Cemetery Perpetual Care</u>	<u>Total</u>
\$ --	\$ 59,276	\$ 59,276
3,766	--	3,766
<u>--</u>	<u>--</u>	<u>265,698</u>
<u>\$ 3,766</u>	<u>\$ 59,276</u>	<u>\$ 328,740</u>

CITY OF TAMA, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
NON-MAJOR ENTERPRISE FUNDS

As of and for the year ended June 30, 2015

	<u>Water Meter</u>	<u>Water Revenue Bonds</u>
Receipts:		
Intergovernmental	\$ --	\$ --
Total operating receipts	--	--
Non-operating receipts (disbursements):		
Debt service	--	(51,832)
Capital projects	--	--
Total non-operating receipts (disbursements)	--	(51,832)
Excess (deficiency) of receipts over (under) disbursements	--	(51,832)
Transfers in	<u>3,450</u>	<u>51,833</u>
Change in cash balances	3,450	1
Cash balance beginning of year	<u>--</u>	<u>42,075</u>
Cash balance end of year	<u>\$ 3,450</u>	<u>\$ 42,076</u>
Cash Basis Fund Balances		
Restricted for debt service	\$ --	\$ 42,076
Unrestricted	<u>3,450</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 3,450</u>	<u>\$ 42,076</u>

See accompanying independent auditor's report.

<u>Sewer Improvement Project</u>	<u>Sewer Rehabilitation</u>	<u>Sewer Replacement</u>	<u>Total</u>
\$ 91,990	\$ --	\$ --	\$ 91,990
91,990	--	--	91,990
--	--	--	(51,832)
(99,431)	(12,659)	(19,282)	(131,372)
(99,431)	(12,659)	(19,282)	(183,204)
(7,441)	(12,659)	(19,282)	(91,214)
14,415	25,000	25,000	119,698
6,974	12,341	5,718	28,484
(6,974)	61,721	163,250	260,072
\$ --	\$ 74,062	\$ 168,968	\$ 288,556
\$ --	\$ --	\$ --	\$ 42,076
--	74,062	168,968	246,480
\$ --	\$ 74,062	\$ 168,968	\$ 288,556

CITY OF TAMA, IOWA
SCHEDULE OF INDEBTEDNESS
Year ended June 30, 2015

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Bonds:			
Corporate Purpose Bonds Series 2006	August 1, 2006	4.00% - 4.63%	\$ 1,500,000
Refunding Bond Series 2012	July 1, 2012	0.70% - 2.50%	975,000
Fire Truck Loan 2014	December 1, 2014	2.70%	275,000
Total			
Revenue Bonds:			
State revolving fund loans:			
Water	December 9, 2009	3.00%	836,000
Total			

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 810,000	\$ --	\$ 100,000	\$ 710,000	\$ 36,494	\$ 2,679
975,000	--	85,000	890,000	15,310	1,226
<u>--</u>	<u>275,000</u>	<u>--</u>	<u>275,000</u>	<u>--</u>	<u>4,331</u>
<u>\$ 1,785,000</u>	<u>\$ 275,000</u>	<u>\$ 185,000</u>	<u>\$ 1,875,000</u>	<u>\$ 51,804</u>	<u>\$ 8,236</u>
\$ 641,000	\$ --	\$ 31,000	\$ 610,000	\$ 19,230	\$ 1,525
<u>\$ 641,000</u>	<u>\$ --</u>	<u>\$ 31,000</u>	<u>\$ 610,000</u>	<u>\$ 19,230</u>	<u>\$ 1,525</u>

CITY OF TAMA, IOWA
BOND AND NOTE MATURITIES
June 30, 2015

General Obligation Bonds and Notes							
Year ending June 30,	Corporate Purpose Bond Series 2006		Refunding Bond Series 2012		Fire Truck Loan Issued December 1, 2014		Total
	Issued August 1, 2006		Issued July 1, 2012				
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2016	4.40%	\$ 105,000	0.90%	\$ 90,000	2.70%	\$ 30,649	\$ 225,649
2017	4.50%	110,000	1.10%	100,000	2.70%	27,774	237,774
2018	4.50%	115,000	1.30%	100,000	2.70%	28,524	243,524
2019	4.55%	120,000	1.50%	100,000	2.70%	29,295	249,295
2020	4.60%	125,000	1.70%	100,000	2.70%	30,074	255,074
2021	4.63%	135,000	1.90%	100,000	2.70%	30,897	265,897
2022			2.10%	100,000	2.70%	31,732	131,732
2023			2.30%	100,000	2.70%	32,589	132,589
2024			2.50%	100,000	2.70%	33,466	133,466
2025							
2026							
2027							
2028							
2029							
2030							
		<u>\$ 710,000</u>		<u>\$ 890,000</u>		<u>\$ 275,000</u>	<u>\$1,875,000</u>

See accompanying independent auditor's report.

State Revolving Fund Notes	
Water Revenue Bonds	
Issued December 9, 2009	
Interest Rates	Amount
3.00%	\$ 32,000
3.00%	33,000
3.00%	34,000
3.00%	36,000
3.00%	37,000
3.00%	38,000
3.00%	39,000
3.00%	40,000
3.00%	42,000
3.00%	43,000
3.00%	44,000
3.00%	46,000
3.00%	47,000
3.00%	49,000
3.00%	50,000
	<u>\$ 610,000</u>

CITY OF TAMA, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Receipts:				
Property tax	\$ 1,065,768	\$ 977,606	\$ 911,372	\$ 851,460
Tax increment financing	14,996	6,019	240	9,800
Other city tax	207,539	210,636	238,469	178,776
Licenses and permits	22,905	23,670	19,993	21,399
Use of money and property	19,859	27,902	34,758	40,330
Intergovernmental	652,834	471,926	730,294	393,496
Charges for service	363,675	311,556	340,821	343,635
Miscellaneous	<u>165,295</u>	<u>143,842</u>	<u>151,271</u>	<u>135,543</u>
Total	<u>\$ 2,512,871</u>	<u>\$ 2,173,157</u>	<u>\$ 2,427,218</u>	<u>\$ 1,974,439</u>
Disbursements:				
Operating:				
Public safety	\$ 782,734	\$ 830,619	\$ 826,533	\$ 710,605
Public works	522,113	529,197	567,921	557,856
Health and social services	4,008	4,060	1,771	5,155
Culture and recreation	249,707	270,807	288,261	285,554
Community and economic development	120,671	111,638	532,168	57,421
General government	157,355	165,055	167,560	156,333
Debt service	237,804	256,801	1,232,405	255,354
Capital projects	<u>556,140</u>	<u>88,137</u>	<u>58,682</u>	<u>475,411</u>
Total	<u>\$ 2,630,532</u>	<u>\$ 2,256,314</u>	<u>\$ 3,675,301</u>	<u>\$ 2,503,689</u>

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 810,706	\$ 796,693	\$ 801,098	\$ 712,597	\$ 702,341	\$ 700,983
--	280	14,346	146,711	45,112	584
192,340	191,856	190,769	188,009	188,492	163,440
22,470	21,432	23,201	22,074	19,356	18,908
76,727	98,575	115,714	133,115	133,508	101,270
747,994	436,193	365,229	320,417	304,191	328,713
278,591	305,211	275,908	216,762	220,532	205,672
<u>150,832</u>	<u>126,244</u>	<u>138,064</u>	<u>130,476</u>	<u>105,671</u>	<u>111,858</u>
<u>\$ 2,279,660</u>	<u>\$ 1,976,484</u>	<u>\$ 1,924,329</u>	<u>\$ 1,870,161</u>	<u>\$ 1,719,203</u>	<u>\$ 1,631,428</u>
\$ 661,424	\$ 662,443	\$ 619,137	\$ 652,322	\$ 591,352	\$ 621,918
446,472	462,054	493,610	393,019	380,275	407,346
8,013	5,918	5,902	5,148	5,308	3,439
233,054	231,711	222,852	212,392	198,534	195,941
34,246	13,952	19,618	22,295	26,434	24,990
149,633	145,019	142,122	137,601	130,406	130,434
256,101	256,496	251,516	256,386	244,857	249,958
<u>222,939</u>	<u>258,189</u>	<u>219,250</u>	<u>257,080</u>	<u>940,624</u>	<u>469,942</u>
<u>\$ 2,011,882</u>	<u>\$ 2,035,782</u>	<u>\$ 1,974,007</u>	<u>\$ 1,936,243</u>	<u>\$ 2,517,790</u>	<u>\$ 2,103,968</u>

CITY OF TAMA, IOWA
 SCHEDULE OF SEWER SERVICE CHARGES
 Year ended June 30, 2015

	<u>Category A</u>	<u>Category B</u>
Criteria:	Users who discharge normal domestic strength wastewater	Users who discharge concentration levels greater than Category A users
Allowable concentration levels:	BOD* no greater than 300 mg/l Suspended solids no greater than 350 mg/l Ammonia nitrogen no greater than 40 mg/l	
Fixed monthly charge:	\$10.82	\$10.82
Volume charge:	\$5.00/1,000 gallons	\$5.00/1,000 gallons
Surcharge for concentration levels exceeding Category A:		BOD* \$0.32/lb suspended solids \$0.17/lb ammonia nitrogen \$1.16/lb

* Biochemical oxygen demand

See accompanying independent auditor's report.

CITY OF TAMA, IOWA
SCHEDULE OF INSURANCE IN FORCE
Year ended June 30, 2015

<u>Insurer</u>	<u>Policy Number</u>	<u>Type of Coverage</u>
Bitco Insurance	WC3617234	Workers' Compensation Employer's Liability
Continental Western Group	PEP 2979305-24 PEP 2979305-24 PEP 2979305-24	Commercial property Auto Commercial Inland Marine and scheduled property
Iowa Communities Assurance Pool	0019	General Liability/ Officials Liability Law Enforcement Liability Fidelity bond

See accompanying independent auditor's report.

<u>Policy Period</u>	<u>Exposure Coverage</u>	<u>Amount of Coverage</u>
4/1/15 to 4/1/16	Worker's Compensation All Employees	Statutory \$500,000/Accident \$500,000/Employee \$500,000/Policy Limit
4/1/15 to 4/1/16	Property Damage	\$9,095,328 Policy Limit
4/1/15 to 4/1/16	Auto Liability	\$1,000,000 Liability
4/1/15 to 4/1/16	Non Real Estate Property	\$403,409/Occurrence
4/1/15 to 4/1/16	General Liability	\$2,000,000
	Officials Liability	\$2,000,000
	Law Enforcement Liability	\$2,000,000
1/1/15 to 1/1/16	Employee Performance	\$50,000

CITY OF TAMA, IOWA
SCHEDULE OF LEGAL DEBT MARGIN
June 30, 2015

Valuation of City as of January 1, 2013	\$ 96,369,742
Legal debt limitation percentage	<u>5%</u>
Legal debt limitation	4,818,487
General obligation indebtedness outstanding as of June 30, 2015	<u>1,875,000</u>
Legal Debt Margin	<u>\$ 2,943,487</u>

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Tama, Iowa, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tama's internal control over financial reporting (internal control) to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tama's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Tama's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 15-I-A

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tama's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of non-compliance or other matter which is described in Part II of the accompanying schedule of findings and responses.

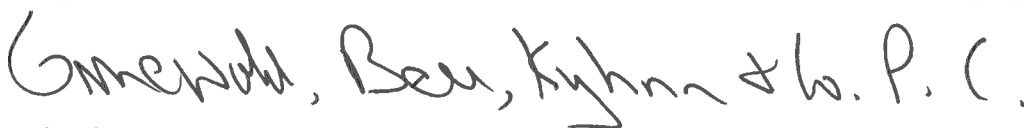
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Tama's Responses to the Findings

The City of Tama's responses to findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Tama's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Atlantic, Iowa
December 21, 2015

CITY OF TAMA, IOWA
Schedule of Findings and Responses
Year ended June 30, 2015

PART I: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

- 15-I-A Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. However, because there are a limited number of people that have the primary responsibility for the accounting and financial duties, those aspects of internal accounting control which rely upon an adequate segregation of duties are missing in the City.

Recommendation: We recommend that the City review its control procedures to obtain the maximum internal control possible under the circumstances and the Council be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: We will continue work in this area to increase segregation of duties.

Conclusion: Response accepted.

* * *

CITY OF TAMA, IOWA
Schedule of Findings and Responses
Year ended June 30, 2015

PART II: Other Findings Related to Statutory Reporting

- 15-II-A Certified Budget: Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.
- 15-II-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 15-II-C Travel Expense: No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.
- 15-II-D Business Transactions: In accordance with Chapter 362.5(3) of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.
- 15-II-E Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 15-II-F Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.
- 15-II-G Deposits and Investments: We noted no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa.
- 15-II-H Revenue Bonds: No instances of non-compliance with revenue bond and note resolutions were noted.
- 15-II-I Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

* * *